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1st Session
HOUSE OF REPRESENTATIVES
REPORT
102-178

WOMEN'S BUSINESS DEVELOPMENT ACT OF 1991

JULY 31, 1991.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. LAFALCE, from the Committee on Small Business, submitted the following

REPORT

[To accompany H.R. 2629]

[Including cost estimate of the Congressional Budget Office]

The Committee on Small Business, to whom was referred the bill (H.R. 2629) to amend the Small Business Act to assist the development of small business concerns owned and controlled by women, and for other purposes, having considered the same, report favorably thereon, with amendments, and recommend that the bill, as amended, do pass.

The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 7, line 6, strike "CHAIRMANSHIP OF".

Page 7, line 8, insert "(a) CHAIRPERSON AND VICE CHAIRPERSON.—" before "Paragraph".

Page 7, after line 19, add the following:

(b) COUNCIL MEMBERSHIP.—

(1) ADDITION OF TWO MEMBERS.—Section 403(a) of the Women's Business Ownership Act of 1988 (102 Stat. 2694) is amended—

(1) by striking "nine" and inserting "eleven";

(2) by striking "and" at the end of paragraph (2);

(3) by striking the period at the end of paragraph (3) and inserting "; and" ; and

(4) By adding at the end the following new paragraph:

"(4) two members shall be appointed by the President, one of whom shall be an African-American woman and one of whom shall be a Hispanic woman.".

H723-1

(2) CONFORMING AMENDMENTS.—Section 403(b) of such Act (102 Stat. 2694–2695) is amended—

(A) in paragraph (1) by striking "section (a) (2) and (3)" and inserting "paragraph (2), (3), and (4) of subsection (a)";

(B) in paragraph (2)(B)—

(i) by striking "subsection (a) (2) and (3)" and inserting "paragraphs (2), (3), and (4) of subsection (a)";

(ii) by striking "and" at the end of clause (i);

(iii) by striking the period at the end of clause (ii) and inserting "; and"; and

(iv) by adding at the end the following new clause:

(iii) appointments under subsection (a)(4) shall be made within 60 days of the effective date of such subsection.";

(C) by moving paragraph (3) to the end of such section; and

(D) in paragraph (2)(C) by striking "subsection (a) (2) and (3)" and inserting "paragraph (2), (3), and (4) of subsection (a)".

PURPOSE OF THE BILL

The principal purpose of this legislation is to assist the development of small business concerns owned and controlled by women by reauthorizing a pilot program that provides training in business skills for women who own a business or want to start one and by permanently authorizing a small or mini loan program that eases access to credit through the Small Business Administration (SBA) guaranteed loan program.

INTRODUCTION AND BACKGROUND

On June 12, 1991, Representative John J. LaFalce (D-NY) introduced H.R. 2629, the Women's Business Development Act.

This bill extends or otherwise amends three provisions of the Women's Business Ownership Act of 1988, Public Law 100–533. The affected provisions are: (1) a program of demonstration projects to provide training, counseling, and technical assistance to women entrepreneurs in the areas of finance, management, and marketing; (2) a small loan program in which the Small Business Administration guarantees loans up to $50,000 using a reduced guarantee fee and a simplified application form; and (3) the National Women's Business Council, which recommends to the President and the Congress specific ways to support women-owned businesses and overcome barriers to full participation in the economic mainstream.

On April 18, 1991, the Committee held a hearing to receive testimony on the operation and effectiveness of the demonstration projects and the small loan program since these programs have been operational, and to receive the annual report of the National Women's Business Council.

Testimony on the small loan program was presented by the Administrator of the SBA; testimony on the demonstration projects

was presented by the Administrator and a co-director of the Women's Business Development Center—one of the participating organizations; the recommendations of the National Women's Business Council were presented by Council members.

The testimony strongly supported continuing the demonstration projects and the small loan program, and included a recommendation that the Chair of the National Women's Business Council be from the private sector.

(A) DEMONSTRATION PROJECTS

Under the provisions of the 1988 pilot, private organizations may apply to conduct demonstration projects which provide training and counseling in finance, management, and marketing to present or potential women owners of small businesses.

The legislation requires that applications be solicited by the SBA and that they be ranked and evaluated according to predetermined and publicly available selection criteria, to include the experience of the applicant in offering this type of business training and counseling, the ability of the applicant to begin the demonstration project within a minimum amount of time, and the ability of the applicant to provide the services to a representative number of women who are both socially and economically disadvantaged.

Organizations that were awarded Federal funding under the 1988 law were required to obtain from the private sector cash contributions which matched or exceeded the amount of the Federal award.

During the first two years of the demonstration projects program, nine organizations have been funded at 22 training sites around the country, and over 2500 women have received business training and counseling.

During Fiscal Year 1989, $2 million were appropriated for the program and training sites were funded for Los Angeles, California; Washington, D.C.; Denver, Colorado; Milwaukee, Wisconsin; and three locations in Illinois—Joliet, Kankakee, and Rockford. During Fiscal Year 1990, $2 million were again appropriated and sites were funded for Bemidji, Minnesota; the Quad Cities area of Rock Island and Moline, Illinois and Davenport and Bettendorf, Iowa; Houston, San Antonio, Dallas, Austin, and Beaumont, Texas; Detroit, Michigan; Indianapolis, Indiana; Ukiah, California; St. Louis, Missouri; Albuquerque, Santa Fe, and Taos, New Mexico; and Atlanta, Georgia.

An interim report on the demonstration projects by the National Academy of Public Administration cited some of the successes of the program. For example, twenty new businesses were started as a direct result of services received at the site in Denver and 35 businesses were assisted in expanding or stabilizing. Other sites also reported cases of business creation or expansion following participation in training programs. One site noted that some women who probably would have been turned down for business loans obtained them after receiving counseling on developing a business plan. In addition, the report quotes one Small Business Development Center director as saying this "program has shown that demand was far larger than anyone thought" for this type of business training and services for women entrepreneurs.

(B) SMALL LOAN PROGRAM

The 1988 legislation authorized the SBA to establish a certified loan program for loans up to $50,000. To encourage participation in the program, the SBA developed a simplified loan form for these loans and halved, to 1 percent, the guarantee fee charged by SBA for such loans.

Access to credit—even in small amounts—has been a chronic problem for women business owners. While the small loan program is not solely for women entrepreneurs—any qualified borrower may apply—this program is intended to make available another avenue of financing to the small business owner who might not fit the description of the "traditional" or "safe" borrower, but who is nonetheless legitimate and creditworthy. For example, owners of businesses in the service industry—where many women-owned businesses can be found—often do not have the "hard" collateral a lender looks for.

The demand for such a small guaranteed loan program is exemplified by the fact that more than 15.7 percent of all SBA guaranteed loans in fiscal year 1990 were generated under this program.

NEED FOR THE LEGISLATION

While the Committee recognizes the important and ever increasing contribution of women business owners to the United States economy, it also is aware that women entrepreneurs face discriminatory practices in the marketplace that impede the growth of their businesses.

Data supporting these assertions can be found in the "Survey of Women-Owned Businesses" released in October 1990 by the Bureau of the Census and the report "New Economic Realities: The Rise of Women Entrepreneurs"—issued by the Committee following a series of six hearings on this subject in 1988.

As a result of its 1988 and 1991 hearings, the Committee has detemined that, despite the importance and growth of women-owned businesses in the United States, there are few policies or programs to promote and assist this sector of the business community with its special needs—or even to ensure that the playing field is level. And, unfortunately, women entrepreneurs must too often overcome not only predictable business challenges—competition, credit availability, market trends—but also arbitrary challenges such as discrimination and sterotyping based on sex.

Among the recommendations to assist women business owners proposed during the 1988 hearings were improved access to credit, training in the skills needed to run a business, and a congressional appointed council to ensure that women business owners get the assistance they deserve.

The Women's Business Onwership Act of 1988 addressed these concerns and the Women's Business Development Act of 1991 proposes to extend the two programs begun in 1988—the demonstration projects and the small loan program—that would otherwise expire at the end of Fiscal Year 1991.

These programs have proved to be effective in meeting the particular needs of women—as well as other entrepreneurs in the case of the small loan program—and merit continuation. According to

the assessment done by National Academy of Public Administration, for example, the demonstration projects are filling a demand and reaching a clientele that other programs for small business owners are not. Indeed, the success of the training sites reveals that the need for such programs can be anticipated indefinitely. It has, however, been the intention of this Committee that training sites such as those begun under the demonstration projects plan for their eventual self-sufficiency. Accordingly, this bill limits funding at any one site to a maximum of 3 years and strongly recommends that any site which has been or is currently being funded be "graduated" out of the program after a maximum of 3 years of funding. Reauthorizing the program for four additional years may provide the time needed for the program to become established and find the means to exist without federal assistance.

The small loan program has also been effective in meeting a critical need of the small business owner seeking to obtain small amounts of financing. Lenders generally are not receptive to making small loans as they are costly to originate and service. It is less expensive, less risky, and easier to make 1 loan for $500,000 than to make 10 loans for $50,000 each.

The 1988 program provided a financial incentive to lenders by allowing them to keep one-half of the 2 percent guarantee fee, thereby providing a lender with an additional $500 financial incentive on a $50,000 loan under the mini loan program.

In Fiscal Year 1990, over 2600 loans were guaranteed under this program for a total of 15.7 percent of all SBA guaranteed loans.

The need for access to credit for business owners remains as pronounced as in 1988 when the small loan program was created and it is the Committee's view that this program should be permanently authorized to meet that demand.

What the Bill Will Do

The bill authorizes the SBA to continue to administer the demonstration projects for an additional four years and the small loan program on a permanent basis.

Under the original legislation, an organization that was awarded Federal funding under this program was required to obtain a matching amount of money for private sector sources. H.R. 2629 changes the funding formula for demonstration projects selected to begin in Fiscal Year 1993 or thereafter to provide more money in the beginning to facilitate the start-up of the training site. The amended funding formula is as follows: two Federal dollars for every one private dollar in the first year, a 1-to-1 match in the second year, and one Federal dollar for every two private dollars in the third year.

Also, H.R. 2629 requires for the first time that an applicant organization submit a three-year plan on proposed fundraising and training activities, sets a three year cap on federal funding under this program per training site, permits up to one-half of the private sector contribution to be in the form of in-kind contributions, and permits the SBA to advance 25 percent of the federal funds to a recipient organization after notice of the award has been issued and before private sector matching funds are raised.

The bill further provides that any organization that fails to obtain the required matching funds from the private sector during any year of the project shall not be eligible for the 25 percent advance of federal funds during the remainder of that project nor on any other project for which it may be funded.

An appropriation level of $4 million annually is authorized.

The bill permanently authorizes the small loan program with no changes. That is, it provides that the lender is charged a 1 percent guarantee fee by the SBA on loans up to $50,000, thereby creating a financial incentive for the lender to make such loans.

H.R. 2629 sets the term of the chair of the National Women's Business Council at a maximum of two years. The bill further provides that no person may be designated to the same office for two consecutive terms nor may consecutive designees as chairperson be from the public sector. Lastly, the bill provides that the chair and the vice chair cannot both be from the public or private sector concurrently.

CONCLUSION

This bill is needed to continue and/or modify three programs created to assist and promote a dynamic, growing sector of the American economy: women-owned businesses. Based on testimony presented to the Committee on the demonstration projects and small loan program—including statistics on the participation rates and successes—these programs can be deemed effective.

The legislation is supported by the Administration and women's business organizations. Moreover, the National Academy of Public Administration in an interim assessment of the demonstration projects noted that the program "provides an important opportunity to contribute to broad economic development goals as well as stimulate business development and growth for individual women business owners."

MATTERS REQUIRED TO BE DISCUSSED UNDER HOUSE RULES

In compliance with clause 2(l)(2) of rule XI of the House of Representatives, the following statement is made relative to the vote on the motion to report H.R. 2629.

A majority of the Committee voted in person and was actually present and the motion was approved by a voice vote. In compliance with clause 2(l)(3) of the rule XI of the Rules of the House of Representatives, the following statements are made:

With regard to subdivision (A) relating to oversight findings, the Committee finds, in keeping with clause 2(b)(1) of the rule X, that this legislation is in full compliance with the provision of this rule of the House which states:

> Each such committee shall review and study any conditions or circumstances which may indicate the necessity or desirability of enacting new or additional legislation within the jurisdiction of that committee.* * *

With regard to subdivision (B), relating to the statement required by section 308(a)(1) of the Congressional Budget Act of 1974, the following statement is made relative to the legislation:

Section 3(3) of the Congressional Budget Act defines the term "tax expenditures" as those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provides a special credit, a preferential rate of tax, or a deferral of tax liability.

None of the provisions of H.R. 2629 deals with taxation and thus in your Committee's opinion, this bill does not provide new or increased tax expenditures.

Section 3(2) of the Congressional Budget Act defines the term "budget authority" as authority provided by law to enter into obligations which will result in immediate or future outlays involving Government funds, or which constitute borrowing authority, contract authority, or offsetting receipts and collections.

Section 3(10) of such Act defines "credit authority" as authority to incur direct loan obligations or to incur primary loan guarantee commitments.

Under this definition, it is the final action of Congress that authorizes an agency to enter into obligations which constitutes new budget authority or new credit authority. In those cases which entail (1) an authorization for an agency to undertake a program or enter guarantees, (2) an authorization for appropriation of funds to permit that agency to enter into obligations, and (3) an actual appropriation of such funds, it would be only the final action of Congress in appropriating funds which constitutes the budget or credit authority.

None of the provisions of H.R. 2629 appropriates funds, provides borrowing authority or contract authority, or constitutes offsetting receipts and collections, and thus, in the Committee's opinion, the bill does not provide new budget authority or new credit authority.

With regard to subdivisions (C) and (D), the cost estimate of the Director of the Congressional Budget Office relative to H.R. 2629 follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 31, 1991.

Hon. JOHN J. LAFALCE,
House of Representatives, Washington DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 2629, the Women's Business Development Act of 1991. Enactment of H.R. 2629 would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply to the bill.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 2629.
2. Bill title: Women's Business Development Act of 1991.
3. Bill status: As ordered reported by the House Committee on Small Business, July 24, 1991.

4. Bill purpose: H.R. 2629 would restructure the Small Business Administration's (SBA's) Women's Demonstration Project to limit projects to three years duration. The bill would change the requirement for private sector matching funds from a 100 percent match every year to a 50 percent match the first year, 100 percent the second, and 200 percent the third. The bill would permit private organizations conducting demonstration projects to count in-kind contributions as matching assistance, up to half the matching amount. The bill also would authorize appropriations of $4 million annually for these demonstration projects. Finally, H.R. 2629 would make permanent the 7a small loan incentive program, which waives 50 percent of the loan guarantee fee for guaranteed business loans under $50,000.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996
Women's demonstration projects:					
Authorization level	4	4	4	4	4
Estimated outlays	3	4	4	4	4
Loan guarantees:					
Estimated authorization level	1	1	1	1	1
Estimated outlays	1	1	1	1	1

The costs of this bill within budget function 370.

Basis of estimate: This estimate assumes that the full amounts authorized will be appropriated prior to the beginning of each fiscal year, and that business loans under section 7a will be continued at thier current level.

Outlays for the Women's Demonstration Projects are estimated based on a rate higher than the historical average. Private organizations have found raising matching funds difficult, and allowing organizations to accept in-kind contributions for matching purposes will make raising matching funds easier.

The estimated authorization level for the 7a small loan incentive program represents the additional subsidy funding needed to keep the 7a program at current lending levels, taking into account the increase in the subsidy rate that would result from waiving 50 percent of the guarantee fee for loans under $50,000. Estimated outlays are based on the historical outlay pattern for the 7a loan program.

6. Pay-as-you-go considerations: The Budget Enforcement Act of 1990 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1995. CBO estimates that enactment of H.R. 2629 would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply to the bill.

7. Estimated cost to State and local governments: None.

8. Estimate comparison: None.

9. Previous CBO estimate: None.

10. Estimate prepared by: John Webb.

11. Estimate approved by: C.G. Nuckols for James L. Blum, Assistant Director for Budget Analysis.

No oversight findings or recommendations have been made by the Committee on Government Operations with respect to the subject matter contained in H.R. 2926.

In compliance with clause 2(1)(4), the Committee concludes that the provisions of this legislation in and of themselves will have no inflationary impact on prices and costs in the operation of the national economy.

In compliance with clause 7, rule XIII of the House of Representatives, the Committee makes the following statement:

The costs attributable to this bill for the current fiscal year and for fiscal years 1992–1996 are as follows: The bill authorizes the appropriation of $4 million per year to fund the demonstration projects authorized by this Act or total grants not to exceed $20 million. In addition, the bill reduces by one-half the amount of the fee SBA receives on guaranteed loans of up to $50,000 principal. Based on the current level of loan approvals, these "foregone fees" are estimated at $1 million per year or $5 million through fiscal year 1996.

No cost estimate was submitted by any government agency on H.R. 2629 to the Committee.

In the Committee's opinion, the above statements fully comply with the Rules of the House of Representatives.

Section-by-Section Analysis

Section 1 provides that this Act may be cited as the "Women's Business Development Act of 1991."

Section 2 amends the Small Business Act by adding a new Section 28.

The proposed subsection (a) provides that the Small Business Administration may provide financial assistance to private organizations to conduct three-year demonstration projects for the benefit of small business concerns owned and controlled by women. The assistance provided shall include training and counseling in the areas of finance, management, and marketing.

Proposed subsection (b) specifies the relative amounts and terms of private sector funding a recipient organization is responsible for obtaining. If the project first receives its Federal financial assistance prior to fiscal year 1993, an annual amount at least equal to the amount of the Federal financial assistance provided each year. If the project first receives Federal financial assistance in fiscal year 1993, or thereafter, annual amounts as follows: in the first year, one private dollar for each two Federal dollars, in the second year, one private dollar for each Federal dollar, and in the third and final year, two private dollars for each Federal dollar.

Subsection (b)(2) authorizes up to one-half of the private sector matching assistance in the form of in-kind contributions.

Subsection (b)(3) authorizes the Administration to disburse up to 25 percent of each year's Federal share awarded to a recipient organization after notice of the award has been issued and before the private sector matching funds are obtained.

Finally, proposed paragraph (4) provides that if a recipient organization fails to obtain the required private sector contribution during any year of the project, it shall not be eligible thereafter for

the 25 percent advance of federal funds during the remainder of that project or on any other project for which it is or may be funded. Furthermore, the Administration must specifically determine and enter a written finding setting forth the reasons the Agency believes that such a defaulting recipient will be able to obtain the requisite private sector funding.

Proposed subsection (c) requires each applicant organization to submit a three-year plan on proposed fundraising and training activities. The Administration is required to evaluate and fund applicants in accord with the following criteria: (1) the experience of the applicant organization in conducting programs which train and counsel women in business skills; (2) the ability of the applicant organization to begin a demonstration project within a minimum amount of time; and (3) the ability of the applicant organization to provide training and counseling services to a representative number of women who are both socially and economically disadvantaged.

Proposed subsection (d) provides that for the purposes of this section, the term small business concern, either "start-up" or existing, owned and controlled by women includes any small business concern that is at least 51 percent owned by one or more women and whose management and daily business operations are controlled by one or more women.

Proposed subsection (e) authorizes an annual appropriation of $4 million to carry out the demonstration projects.

Proposed subsection (f) requires the Administration to prepare and transmit an annual report, beginning February 1, 1992, to the Committees on Small Business of the Senate and House of Representatives on the effectiveness of the demonstration projects, specifically including data on the number of individuals receiving assistance, the number of start-up business concerns formed, the gross receipts of assisted concerns, increases or decreases in profits of assisted concerns, and the employment increases or decreases of assisted concerns.

Proposed subsection (g) prohibits the Administration from funding any new project after October 1, 1995, except for projects which commenced before that date.

Section 3 repeals section 8(c) of the Small Business Act and provides that demonstration projects that have been funded under that program shall not be eligible as new projects under the revised program.

Section 4 amends section 7(a)(19)(B) by striking the sunset provision, thereby permanently authorizing the small loan program.

Section 5 amends section 403(b)(2)(G) of the Women's Business Ownership Act to provide that the Chairperson and Vice Chairperson of the National Women's Business Council shall be designated by the President for a term of two years. No person may be designated to the same office for two consecutive terms nor may consecutive designees as Chairperson be from the public sector. The Chairperson and Vice Chairperson may not be from the same sector concurrently.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SMALL BUSINESS ACT

* * * * * * *

SEC. 7. (a) The Administration is empowered to the extent and in such amounts as provided in advance in appropriation Acts to make loans for plant acquisition, construction, conversion, or expansion, including the acquisition of land, material, supplies, equipment, and working capital, and to make loans to any qualified small business concern, including those owned by qualified Indian tribes, for purposes of this Act. Such financings may be made either directly or in cooperation with banks or other financial institutions through agreements to participate on an immediate or deferred (guaranteed) basis. These powers shall be subject, however, to the following restrictions, limitations, and provisions:

(1) * * *

* * * * * * *

(19)(A) * * *

(B) In order to encourage all lending institutions and other entities making loans authorized under this subsection to provide loans of $50,000 or less in guarantees to eligible small business loan applicants, [during fiscal years 1989, 1990, and 1991,] the Administration shall (i) develop and allow participating lenders to solely utilize a uniform and simplified loan form for such loans, and (ii) allow such lenders to retain one-half of the fee collected pursuant to section (7)(a)(18) on such loans. A participating lender may not retain any fee pursuant to this paragraph if the amount committed and outstanding to the applicant would exceed $50,000 unless the amount in excess of $50,000 is an amount not approved under the provisions of this paragraph.

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SEC. 8. (a) * * *

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[(c)(1) Subject to the requirements of paragraph (2), the Administration shall provide financial assistance to private organizations to conduct demonstration projects for the benefit of small business concerns owned and controlled by women.

[(2) No amount of financial assistance shall be provided pursuant to this subsection unless the recipient organization agrees, as a condition of receiving such assistance, that—

[(A) it will obtain, after its application has been approved but prior to the disbursement of funds pursuant to this subsection, cash contributions from private sector sources in an amount at least equal to the amount of funds such organization will receive under this subsection; and

[(B) it will provide the types of services and assistance to present and potential women owners of small business concerns as are described in paragraph (3). For the purposes of this subsection such concerns may be either "start-up" businesses or established "on-going" concerns.

[(3) The types of services and assistance referred to in paragraph (2)(B) shall include the following:

[(A) Financial assistance, which assistance shall include training and counseling in how to apply for and secure business credit and investment capital; prepare and present financial statements; manage cash-flow and otherwise manage the financial operations of a business concern.

[(B) Management assistance, which assistance shall include training and counseling in how to plan, organize, staff, direct, and control each major activity and function of a small business concern; and

[(C) Marketing assistance, which assistance shall include training and counseling in how to identify and segment domestic and international market opportunities; prepare and execute marketing plans; develop pricing strategies; locate contract opportunities; negotiate contracts; and utilize varying public relations and advertising techniques.

[(4) Applications for financial assistance pursuant to this subsection shall be evaluated and ranked in accordance with predetermined selection criteria that shall be stated in terms of relative importance. Such criteria and their relative importance shall be made publicly available and stated in each solicitation for applications made by the Administration. Such criteria shall include—

[(A) a criterion that specifically refers to the experience of the offering organization in conducting programs or on-going efforts designed to impart or upgrade the business skills of women business owners or potential owners;

[(B) a criterion that specifically refers to the present ability of the offering organization to commence a demonstration project within a minimum amount of time; and

[(C) a criterion that specifically refers to the ability of the applicant organization to provide training and services to a representative number of women who are both socially and economically disadvantaged.

[(5) The financial assistance authorized pursuant to this subsection shall be made by grant, contract, or cooperative agreement and may contain such provision, as necessary, to provide for payments in lump sum or installments, and in advance or by way of reimbursement.

[(6)(A) The Administration shall prepare and transmit a report to the Committees on Small Business of the Senate and House of Representatives on the effectiveness of all demonstration projects conducted under the authority of this subsection. Such report shall provide information concerning—

[(i) the number of individuals receiving assistance;

[(ii) the number of start-up business concerns formed;

[(iii) the gross receipts of assisted concerns;

[(iv) increases or decreases in profits of assisted concerns; and

[(v) the employment increases or decreases of assisted concerns.

[(B) The report required pursuant to subparagraph (A) shall cover at least a twenty-four-month period and shall be submitted not later than thirty months after the effective date of this paragraph.

[(7) This subsection shall cease to be effective after September 30, 1991.]

* * * * * * *

SEC. 28. (a) The Administration may provide financial assistance to private organizations to conduct three-year demonstration projects for the benefit of small business concerns owned and controlled by women. The projects shall provide the following types of services and assistance—

(1) financial assistance, including training and counseling in how to apply for and secure business credit and investment capital, preparing and presenting financial statements, and managing cashflow and other financial operations of a business concern;

(2) management assistance, including training and counseling in how to plan, organize, staff, direct and control each major activity and function of a small business concern; and

(3) marketing assistance, including training and counseling in identifying and segmenting domestic and international market opportunities, preparing and executing marketing plans, developing pricing strategies, locating contract opportunities, negotiating contracts, and utilizing varying public relations and advertising techniques.

(b)(1) As a condition of receiving financial assistance authorized by this section, the recipient organization shall agree to obtain, after its application has been approved and notice of award has been issued, cash contributions from private sector sources as follows:

(A) if the project first receives its Federal financial assistance prior to fiscal year 1993, an annual amount at least equal to the amount of the Federal financial assistance provided each year; or

(B) if the project first receives Federal financial assistance in fiscal year 1993, or thereafter, annual amounts as follows: in the first year, one private dollar for each two Federal dollars, in the second year, one private dollar for each Federal dollar, and in the third and final year, two private dollars for each Federal dollar.

(2) Up to one-half of the private sector matching assistance may be in the form of in-kind contributions which are budget line items only, including but not limited to office equipment and office space.

(3) The financial assistance authorized pursuant to this section may be made by grant, contract, or cooperative agreement and may obtain such provision, as necessary, to provide for payments in lump sum or installments, and in advance or by way of reimbursement. The Administration may disburse up to 25 per centum of each year's Federal share awarded to a recipient organization after notice of the award has been issued and before the private sector matching funds are obtained.

(4) If the recipient organization fails to obtain the required contribution from the private sector during any year of any project, it shall not be eligible thereafter for advance disbursements pursuant to paragraph (3) during the remainder of that project nor on any other project for which it is or may be funded. In addition, prior to approving such organization for other projects, the Administration shall specifically determine and enter a written finding setting forth reasons the Agency believes that such a defaulting recipient will be able to obtain the requisite private sector funding.

(c) Each applicant organization initially shall submit a three-year plan on proposed fundraising and training activities, and a recipient organization may receive financial assistance under this program for a maximum of three years per site. The Administration shall evaluate and rank applicants in accordance with predetermined selection criteria that shall be stated in terms of relative importance. Such criteria and their relative importance shall be made publicly available and stated in each solicitation for applications made by the Administration. The criteria shall include—

(1) the experience of the offering organization in conducting programs or on-going efforts designed to impart or upgrade the business skills of women business owners or potential owners;

(2) the present ability of the offering organization to commence a demonstration project within a minimum amount of time; and

(3) the ability of the applicant organization to provide training and services to a representative number of women who are both socially and economically disadvantaged.

(d) For the purposes of this section, the term small business concern, either "start-up" or existing, owned and controlled by women includes any small business concern—

(1) that is at least 51 per centum owned by one or more women; and

(2) whose management and daily business operations are controlled by one or more women.

(e) There are authorized to be appropriated $4,000,000 per year to carry out the demonstration projects authorized by this section. Notwithstanding any other provision of law, the Administration may use such expedited acquisition methods as it deems appropriate to achieve the purposes of this section, except that it shall ensure that all eligible sources are provided a reasonable opportunity to submit proposals.

(f) The Administration shall prepare and transmit an annual report, beginning February 1, 1991, to the Committees on Small Business of the Senate and House of Representatives on the effectiveness of all demonstration projects conducted under the authority of this section. Such report shall provide information concerning—

(1) the number of individuals receiving assistance;

(2) the number of start-up business concerns formed:

(3) the gross receipts of assisted concerns;

(4) increases or decreases in profits of assisted concerns; and

(5) the employment increases or decreases of assisted concerns.

(g) The Administration shall not provide financial assistance under this section to any new project after October 1, 1995, except that it may fund projects which commenced prior thereto.

SECTION 403 OF THE WOMEN'S BUSINESS OWNERSHIP ACT OF 1998

SEC. 403. MEMBERSHIP.

(a) The Council shall be composed of [nine] *eleven* menbers to be selected as follows:

(1) * * *

(2) two members shall be appointed by the majority leader, and one member shall be appointed by the minority leader of the Senate; [and]

(3) two members shall be appointed by the Speaker, and one member shall be appointed by the minority leader of the House of Representatives[.]*; and*

(4) two members shall be appointed by the President, one of whom shall be an African-American women and one of whom shall be a Hispanic woman.

(b)(1) Appointments under [section (a) (2) and (3)] *paragraphs (2), (3), and (4) of subsection (a)* shall be made from individuals who are specially qualified to serve on the Council by virtue of their education, training, and experience and who are not officers or employees of the Federal Government nor of the Congress.

(2)(A) * * *

(B) Appointments made pursuant to [subsection (a) (2) and (3)] *paragraphs (2), (3), and (4) of subsection (a)* shall be made in the following sequence—

(i) appointments under (a)(2) shall be made within ninety days of the effective date of this title: [and]

(ii) appointments under (a)(3) shall be made within one hundred and twenty days of the effective date of this title[1.]*; and*

(iii) appointments under subsection (a)(4) shall be made within 60 days of the effective date of such subsection.

[(3) In making appointments under subsection (a), the appointing authorities shall give due consideration to achieving balanced geographical representation.]

(C) Members appointed under [subsection (a) (2) and (3)] *paragraphs (2), (3), and (4) of subsection (a)* shall be appointed for a three-year term, except if any such appointee becomes an officer or employee of the Federal Government or of the Congress, such individual may continue as a member of the Council for not longer than the thirty-day period beginning on the date such individual becomes such an officer or employee.

* * * * * * *

(G) [The Chairperson and Vice Chairperson of the Council shall be designated by the President. The term of office of the Chairperson and Vice Chairperson shall be at the discretion of the President.] *The Chairperson and Vice Chairperson of the Council shall be designated by the President and shall be either a representative of the public sector or the private sector. Each shall have a maximum term of two years. No person may be designated to the same office for two consecutive terms nor any consecutive designees as*

Chairperson be from the public sector. The Chairperson and the Vice Chairperson shall not be from the same sector concurrently.

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(3) In making appointments under subsection (a), the appointing authorities shall give due consideration to achieving balanced geographical representation.

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